

CFACG(94)9

COMMITTEE ON THE FINANCIAL ASPECTS  
OF CORPORATE GOVERNANCE

Arlen plc

1. It was pointed out in the Interim Report appended to CFACG(94)5, that only one company (Arlen plc) had to date made a compliance statement which the auditor had reported was inadequate.
2. This issue was a matter for discussion at the Monitoring Sub-Committee at its meeting on 1 November 1994, when it was agreed that it would be relevant to refer it to the full Committee for consideration.
3. It is understood that subsequent to the publication of Arlen's Report and Accounts, the company were in correspondence with the Listing Department of the London Stock Exchange who made it clear that the statement did not meet their listing requirements. Sir Andrew Hugh Smith, while Chairman of the London Stock Exchange, had spoken to Richard Regan at the Association of British Insurers with a view to those institutional investors who had an interest in the company putting pressure on it to make a proper disclosure. He was unaware what action, if any, had ensued.
4. The Sub-Committee were in agreement that unless positive steps were taken, other companies may follow Arlen's example, and as a matter of principle shareholders should be strongly encouraged to impress on companies in which they hold investments the need for them to make a satisfactory compliance statement.
5. The Sub-Committee proposed that the Chairman should write to the relevant institutional investors in Arlen and request that they should in turn contact the company with regard to the inadequate statement. The Committee are asked to consider whether they should endorse this proposal.

Gina Cole  
Secretary  
30 November 1994